

**304.9-270 Appointment of agents -- Criminal background check -- Continuation -- Permitted and prohibited actions by agents and insurers.**

- (1) Each insurer appointing an agent, including managing general agent, rental vehicle agent, rental vehicle managing employee, specialty credit producer, and specialty credit managing employee, in this state shall obtain approval of the appointment from the executive director by filing with the executive director the notice of appointment, specifying the lines of authority to be transacted by the agent for the insurer, and submit the appointment fee, as specified in KRS 304.4-010. Each insurer shall notify the executive director of additional lines of authority for which a licensee is deemed authorized to transact business, after the initial appointment, in a format prescribed by the executive director.
- (2) Prior to appointment, the insurer shall satisfy itself through investigation that the named applicant has not been convicted of any felony offense involving dishonesty or a breach of trust and has not been convicted of a fraudulent insurance act under Subtitle 47 of this chapter, unless the named applicant has received written consent from the executive director that specifically refers to KRS 304.47-025(3).
- (3) No agent shall claim to be an agent or representative of, or in any way imply a contractual relationship with, a particular insurer, or place applications for insurance with an insurer unless the agent becomes an appointed agent of the insurer and the agent's appointment has been approved by the executive director.
- (4) An agent may act as a representative of and place insurance with an insurer without first obtaining approval of the appointment by the executive director for a period of fifteen (15) days from the date the first insurance application is executed by the agent. If the agent does not obtain confirmation that the agent's appointment has been approved by the executive director within fifteen (15) days from the date the first insurance application is executed, the agent shall immediately discontinue acting as an agent on behalf of the insurer until confirmation is received.
- (5)
  - (a) The insurer shall, no later than fifteen (15) days from the date the agent contract is executed or the first insurance application is submitted by an agent, whichever is earlier, file with the executive director a notice of appointment on a form or in a format prescribed by the executive director.
  - (b) If there is no executed agent contract, the insurer shall also mail to the agent, within the same fifteen (15) day period specified in paragraph (a) of this subsection, a copy of the notice of appointment form filed with the executive director.
- (6) Within fifteen (15) days of receipt of the notice of appointment, the executive director shall determine and notify the insurer whether the agent is eligible for appointment. If the agent's license is in good standing and no other grounds exist to deny the appointment, the executive director shall approve the appointment.
- (7) Subject to renewal by the insurer as provided in subsection (8) of this section, each appointment shall remain in effect until the earliest of the following:
  - (a) The executive director revokes or otherwise terminates the insurance producer's license;

- (b) The executive director suspends, revokes, or otherwise terminates the appointment; or
  - (c) The insurer terminates the appointment as provided in KRS 304.9-280.
- (8) Biennially, before January 31, the office shall distribute to each insurer a listing of the names and individual identification numbers of that insurer's agents whose appointments were in effect during the preceding calendar year and who were not terminated on or prior to December 31 of that calendar year. Any appointment not expressly terminated shall remain in effect as to the lines of authority thereof for which the respective agents are currently appointed, and subject to the fees specified under KRS 304.4-010. On or before March 31, each insurer shall submit the renewal of appointment fee as specified in KRS 304.4-010 for each appointment not terminated on or prior to December 31 of the preceding calendar year.
- (9) Any appointment as to which the request for renewal and fees are not received by the executive director by March 31 shall be deemed to have expired at midnight on March 31. Any appointment renewal request and fees received by the executive director after March 31 and prior to the next following June 30 may be accepted by the executive director, in his or her discretion, and the expired appointment may be reinstated as of March 31 if the late request and fees are accompanied by a penalty as provided in KRS 304.99-100.

**Effective:** June 20, 2005

**History:** Amended 2005 Ky. Acts ch. 143, sec. 12, effective June 20, 2005. -- Amended 2002 Ky. Acts ch. 273, sec. 26, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 57, sec. 1, effective July 14, 2000; and ch. 393, sec. 21, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 483, sec. 14, effective July 15, 1998; and ch. 485, sec. 2, effective July 15, 1998. -- Amended 1982 Ky. Acts ch. 123, sec. 5, effective July 15, 1982; and ch. 320, sec. 14, effective July 15, 1982. -- Created 1970 Ky. Acts ch. 301, subtit. 9, sec. 27, effective June 18, 1970.

**Legislative Research Commission Note** (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

**Legislative Research Commission Note** (7/15/2002). Although 2002 Ky. Acts ch. 273, sec. 26, contained a citation to "Section 54 of this Act" (codified as KRS 304.9-240) in subsection (8), it is clear from the context that Section 53 (codified as KRS 304.99-100) was intended, and this manifest clerical or typographical error was corrected in codification under the authority of KRS 7.136.